

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

# **HOUSE BILL 2115**

AN ACT

AMENDING SECTION 38-718, ARIZONA REVISED STATUTES; RELATING TO RETIREMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2       Section 1. Section 38-718, Arizona Revised Statutes, is amended to  
3 read:

4           38-718. Investment management: qualifications; term; removal;  
5           general powers and duties

6       A. The board shall appoint investment management. Investment  
7 management shall have:

- 8           1. The highest professional and fiduciary recommendations.
- 9           2. Not less than three years' experience at handling institutional  
10 investments of at least two hundred fifty million dollars and not less than  
11 two hundred fifty million dollars currently under management. **THIS**  
**SUBSECTION IS SATISFIED IF INVESTMENT MANAGEMENT OR THE INDIVIDUAL RETAINED**  
**BY INVESTMENT MANAGEMENT MEETS THIS REQUIREMENT.**

12       3. Had responsibility for investment decision making as an insurance  
13 company investment fund, an investment division of a bank, a mutual fund, an  
14 investment organization, a pension fund or an investment adviser who is  
15 designated as a chartered financial analyst by the association for investment  
16 management and research.

17       B. A bank serving as investment management does not have a conflict of  
18 interest because it is also a depository in which ASRS monies are deposited.

19       C. The board shall appoint the investment management for a term of one  
20 year and may appoint the investment management to succeeding terms. The  
21 board may remove investment management for not complying with this article or  
22 for failure to comply with or adhere to the board's investment goals,  
23 objectives or policies.

24           D. Investment management:

25           1. Has the sole authority to invest and reinvest in the name of ASRS  
26 all ASRS monies assigned to investment management and shall purchase and sell  
27 in the name of ASRS any of the securities and investments held by ASRS under  
28 this article.

- 29           2. Is responsible for making and executing all investment decisions.
- 30           3. Shall be multiple.

31           E. Investment management shall not directly or indirectly:

32           1. Have an interest in making an investment or purchasing annuities  
33 from a private insurer or in the gains or profits accruing from an investment  
34 or annuities.

35           2. As investment management or as agent or partner of others borrow  
36 monies, funds or deposits of ASRS or use monies, funds or deposits in any  
37 manner except as directed under this article.

38           3. Be an endorser, surety or obligor on investments made under this  
39 article.

40           F. Subject to the limitations in section 38-719, the board may  
41 authorize the director to make investments that are designated by the board  
42 and that do not exceed fifty per cent of the assets of the investment account  
43 measured at cost.

1       G. For the purpose of exercising the investment responsibilities  
2 prescribed in this section, the board may enter into contracts to receive  
3 market data and other market information from securities, commodities,  
4 options and monetary exchanges. These contracts may be interpreted and  
5 enforced under the laws of a jurisdiction other than this state and are not  
6 subject to section 35-214 or 38-511 or title 41, chapter 23.